Effectiveness of Executive Auction Responsibility as A Problem Credit Settlement in PT.Bank Mandiri (Persero) Tbk Purwokerto Area

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Abstract
This paper is intended to analyze the effectiveness of the implementation of the auction of Hak Tanggungan as an effort to resolve non performing loan at PT. Bank Mandiri (Persero) Tbk Purwokerto Area, based on the data obtained in the field of 158 the number of troubled debtors throughout 2017, only 6 debtors have successfully auctioned. The low level of auction behavior is due to many factors both internal and external factors that occur before the implementation or after the implementation of the auction. This paper uses the empirical approach method, namely the effort to approach the problem under study with the nature of the law that is real or in accordance with the reality that lives in society. Based on Lawrence M Friedman’s theory, the implementation of auctions is not effective, the biggest factors that influence are substance and cultural factors, namely the rules regarding emptying of collateral for auction behavior and the people who are afraid of having problems buying assets by auction. Therefore, rules must be reinforced to guarantee auction buyers to avoid problems in the future after the collateral is sold.

Keywords: effectiveness; auction; settlement of non performing loans; inhibiting factors

Introduction
The role of banks in supporting economic growth is urgently needed, according to Law Number 7 of 1992 concerning Banking Article 3 “the main function of banking in Indonesia is as collector and distributor of public funds”. One of the banking functions is channeling public funds or commonly referred to as credit. In granting credit the position of the lending bank is referred to as the creditor and the position of the recipient of the credit community is referred to as the debtor. Judging from the creditor, the most important element in the current credit activity is to take advantage of its capital by expecting a return of
performance, while for the debtor is assistance from creditors to cover their needs in the form of achievements given by creditors.

Between achievement and return of achievement there is a period that separates it, so there is a certain grace period. This condition results in the existence of risks, in the form of uncertainty in returning the achievements that have been given, therefore a guarantee is needed in the provision of credit or also commonly referred to as collateral.

In accordance with the explanation in Article 8 paragraph (1) of the Banking Act, to reduce the risk, it is explained that "In providing credit or financing based on Sharia Principles, Commercial Banks must have confidence based on deep analysis or good faith and the ability and ability of the Debtor Customer to pay off the debt or return the financing in accordance with what was agreed upon ". In order to obtain this belief before giving credit, the bank must make a careful assessment of character, ability, capital, collateral is one element of guaranteeing credit, so if based on other elements can be obtained confidence in the debtor's ability to repay the debt, collateral can in the form of goods, projects or claim rights financed by the credit concerned.

The guarantee / collateral in the case of a credit agreement is very necessary, because financial institutions have a legal interest that the customer who is a debtor fulfills the obligations he has made to the agreement. In general, collateral is a form of credit security in the form of material. Fund investing in the form of credit will certainly generate relatively high interest, but judging from the risk, then the investment in the form of credit has the risk of congestion in taking credit.

The function of collateral / collateral in a juridical manner is the legal certainty of repayment of debt in a credit agreement or in a debt payable or certainty of the realization of an achievement in an agreement, the certainty of this law is to bind a guarantee agreement through guarantee institutions (Hasan, 1998). There are several types of guarantee institutions that are material, namely Mortgage, mortgage, fiduciary and mortgage.

In banking practices that are widely used are material guarantees in the form of land. The use of land as credit guarantees because the land is safest and has a relatively high economic value. Land security institutions in the form of Underwriting Rights in bank loans are considered to be the safest and most effective, this is based on consideration of the ease of identifying the collateral object itself (Poesoko, 2008). The guarantee institution is regulated in Law Number 4 of 1996 concerning the Right to Underwrite Land and Objects Related to Land.

Regarding the implementation of credit, it must be considered the classification of types of credit (collectibility) according to the provisions of Article 12 paragraph (3) of Bank Indonesia Regulation No. 14/15 / PBI / 2012 concerning Assessment of Quality of Commercial Bank Assets, credit quality is divided into 5 collectibility, namely: Current credit; Credit in special attention; Credit is not smooth; Credit is doubtful; or Bad credit.

The number of problem loans or can also be called a non-performing loan (NPL) in a bank will result in disruption of the liquidity of the bank...
concerned. Non-performing loans (NPL) in a bank are basically risks that must arise at each gift credit by the bank. Factors that cause NPL can come from outside and from within the bank itself, for example external factors, namely macroeconomic conditions that are not conducive and factors from within there are procedural errors and there are still many other factors from both inside and outside the bank itself.

Non-performing loans / NPL were also experienced by PT. Bank Mandiri (Persero) Tbk, which at the end of 2018 was quoted as saying on cnbcindonesia .co m recorded non-performing loans or NPLs PT. Bank Mandiri (Persero) Tbk in range 2.75% (Ananta, 2019). One of the efforts taken by the bank is with the Underwriting Execution Auction (the application of Article 6 of Act Number 4 of 1996 concerning the Right to Underwrite Land and Objects Related to Land), which reads: "When debitur breach of contract, the holder of the first Mortgage has the right to sell the object of Rights Dependents on their own power through public tenders and take repayments of their receivables from the results the sale ", for which the procedure for implementation is regulated in the implementing regulations, namely the Minister of Finance Regulation No. 27/PMK.06/ 2016 concerning the Auction Implementation Guidelines.

In the implementation of the auction, the execution of the mortgage rights itself turned out to be not as expected. Based on preliminary research conducted by interviewing one of the implementing staff at PT Bank Mandiri (Persero) Tbk, Purwokerto Area, the SMCR unit (Small Medium Collection and Recovery) related to the implementation of the Underwriting Rights Auction (Based on interview with Anivan Noviandi, between October 2018 to February 2019 at PT. Bank Mandiri (Persero) Tbk Area Purwokerto SMCR unit (Small Medium Collection and Recovery Unit). It was found information that some of the problems included the implementation of an auction which according to the author was less effective which could be reflected in 158 number of troubled debtors throughout 2017, only as many as 6 debtors were successful in auctioning. This illustrates the success rate of the auction as an effort to resolve problem loans at PT. Bank Mandiri (Persero) Tbk, the Purwokerto area is very low, for this reason it is necessary to measure its effectiveness.

Considering the success rate of the auction for the execution of mortgage rights as an effort to settle credit at PT. Bank Mandiri (Persero) Tbk The Purwokerto area is very low, so there is still much to be repaired in each stage of the auction process, both in the preparation, implementation and post-auction stages. Obstacles must also be considered and corrected so that the auction for the execution of mortgage rights can be used as one way to reduce non-performing loans at PT. Bank Mandiri (Persero) Tbk and other banks.

Research Problems

Observe the above, this article is intended to analyze how effective is the auction for the execution of mortgage rights as an effort to resolve non-performing loans at PT. Bank Mandiri (Persero) Tbk Purwokerto Area and any constraints
faced in the implementation of the auction, so that it can be one of the efforts to reduce bad credit at Bank Mandiri Purwokerto Area and other banks.

**Research Method**

In this study used a method with an empirical approach that is efforts to approach the problem under study with the nature of the law that is real or in accordance with the reality that lives in society. This type of research is descriptive, which is a form of research aimed at describing existing phenomena, both natural phenomena and man-made phenomena. Research location at PT. Bank Mandiri (Persero) Tbk, Purwokerto Area. The sampling technique used in this study is a non probability sampling technique that is purposive sampling. The sample in this study are parties directly involved in the auction process at PT. Bank Mandiri (Persero) Tbk Purwokerto area and prospective auction buyers are determined based on purposive sampling.

**Discussion**

**Credit**

The word "Credit" comes from the Roman language "Credere" which means to believe (in Dutch: Vertrouwen; English: Believe, trust or Confidence) (Badrulzaman, 1989). The basis of credit is trust, party that gives credit (creditor) believes that the recipient of the credit (debtor) will be able to fulfill everything that has been agreed upon, both regarding the period of time, as well as achievements and its counterparts. In the Civil Law literature there are several opinions regarding the notion of credit, namely:

**First**, Savelberg suggests "credit" has the following meanings: "As a basis for engagement (Verbintenis), where a person has the right to sue something from another person and as a guarantee, where someone surrenders something to another person with the aim of recovering what was given (Comodatus, Depositus, Regulare, Pignus)" (Savelberg, 1991).

**Second**, Levy formulates the legal meaning of credit as follows: "Submitting voluntarily some money to be used freely by the recipient of the credit, and the recipient of the credit has the right to use the loan for profit with the obligation to return the loan amount behind the day" (Levy, 1999).

Based on the two meanings above can be drawn two (2) understanding, namely the existence of cause and effect. What is the cause is that the Credit Recipient is "considered capable" to repay the loan behind the day. As a result, the Credit Recipient is "trusted" by the Credit Provider. In the business world, credit also has many meanings, one of which is credit in the sense that the credit is given by a bank to its customers. This banking credit is generally used as a reference in each loan given by the Bank.

Chapter I General Provisions, article 1 paragraph (12) of Law No. 10 of 1998 concerning Amendments to Law Number 7 of 1992 concerning Banking, states:
Credit is the provision of money or bills that can be equated with that, based on an agreement or agreement between lending between banks with other parties that requires the borrowing party to repay the debt after a certain period of time with the amount of interest, compensation or profit sharing.

Based on the definition above, it can be seen that there are eight (8) credit elements, namely: **First**, An agreement or agreement between the creditor and debtor, called a credit agreement; **Second**, the parties, namely "creditors" as parties who provide loans, such as banks and debtors, who are parties who need loan money/ goods or services. **Third**, The element of trust from creditors is that the debtor is willing and able to pay/repay the credit; **Fourth**, the ability and promise to repay debts from the debtor; **Fifth**, A gift of money/ goods/ services is provided by the creditor to the debtor; **Sixth**, a repayment of a sum of money/ goods/ services by the debtor to the creditor, accompanied by the provision of benefits / interest or profit sharing; **Seventh**, A time difference between giving credit by creditors and returning credit by the debtor; **Eighth**, A certain risk is caused due to the time difference. The farther the return period is, the more big also the risk of not implementing repayment of a credit.

To find out or determine that someone is trusted to obtain credit, in general the banking world uses an analytical instrument known as The Fives of Credit or 5 C, namely: **Character**, which is an analysis based on the origin of personal life credit applicant; **Capital** (Capital), which is an analysis based on the amount of capital owned credit applicant; **Capacity**, which is an analysis based on the ability of the debtor to repay the debt; **Collateral**, which is the existence of treasure that can be tied as collateral to guarantee the certainty of the debt; and **Condition of Economic** (economic condition), which is based analysis condition country economy.

**Credit and Guarantee Agreement**

**Credit agreement**

Based on the limitations given by the Act that in terms of credit contained borrowing words as the basis for holding credit agreements. Credit agreements according to Indonesian civil law are a loan agreement as stipulated in the Civil Code in Articles 1754 to Article 1769.

Thus the making of a credit agreement can be based on the provisions in the Civil Code but can also be based on an agreement between the parties, meaning that in terms of the provisions that compel it must be in accordance with the provisions contained in the Civil Code while in terms of provisions that are not compelled to the party. Article 1754 of the Civil Code states that: Borrowing is an agreement by which one party gives to the other party a certain amount of goods spent due to the condition that the rear party will take the same amount of the same type and conditions.

Mariam Darus Badrul Zaman said that as an agreement, the definition of the credit agreement regardless of the Civil Code, Banking Act, and credit agreement is a preliminary agreement (Badrulzaman, 1991). In its implementation, the definition of credit agreement is always associated with the form of agreement that
is confirmed in the form models of each cooperative. In providing credit facilities to debtors, creditors must know clearly whether the debtor has a good intention to return the credit facility on time.

After the debtor gets credit, he has the right to use it in accordance with the agreed objectives. However, besides the rights he has, Levy and M. Jakil argues that the debtor is also obliged to return the loan in the agreed amount and time (Setiono, 2013). The debtor does not carry out his obligations in accordance with the agreement then he deemed to have committed a breach of contract i.

Default is not fulfilled or negligent in carrying out obligations (achievements) as specified in the agreement between the parties (Pradnyaswari, 2013). Default can occur due to a debtor’s mistake (intentionally or negligently); and force (overmacht). the explanation is if connected with credit, default of a debtor is identified with bad credit, meskipun has been through a process of careful analysis and in-depth, bad debts remain unavoidable.

**Credit Guarantee**

The most important factor that must be examined by the creditor is the guarantee that can be used to pay off debtor debts to creditors so that when a debtor defaults, the creditor can sell the collateralized item to pay off the debtor’s debt to the creditor. a guarantee of debt payable by the parties who deliver the property of the debtor to the creditor as a guarantee of the implementation of the debtor's obligations to the creditor.

The definition of collateral in Article 1131 states that: "All the material owed, both movable and immovable, both existing and new will be borne in the future for all individual agreements".

In the implementation of credit agreements there are not a few debtors who default. Debtors are often negligent in carrying out their obligations, so that in practice creditors are often harmed. In article 1244 of the Civil Code states that "the debtor must be punished to reimburse the costs of losses and interest, if it cannot prove the implementation of the agreement or the timing in carrying out the engagement is caused by something that is unexpected, which cannot be insured to him. even though there is no bad tie to him ".

Debtors do not pay off their obligations or defaults can be caused by something, where the debtor at that time was in a state of force that occurred in the debtor which caused the business to be carried out and financed by the loan so that it could not repay the loan or could be due to the debtor indeed neglect or do not carry out its original purpose, which is to develop its business but for certain purposes, so that the loan money cannot be returned.

Based on this, it can be seen that each engagement has consequences on fulfilling obligations which is a form of achievement. This means that in principle each engagement brings to an achievement that can always be measured by money, type and whatever achievement is initially underlying. The actions of creditors in an effort to resolve problem loans will vary depending on the condition of non-performing loans. D in article 1237 The Civil Code states that in an agreement to provide certain goods, the item is borne by the creditor since the engagement was
born. If the debtor is negligent to deliver the item in question, then the item since
the engagement is carried out, becomes the responsibility.

One guarantee that is often used for credit guarantees is land along with
objects relating to land, for that the imposition of security rights on land with
mortgage rights. Definition of own Mortgage according to Article 1 paragraph (i)
of Law No. 4 of 1996 concerning Mortgage Rights on Land along with objects
related to land, namely: "Underwriting Rights on land along with objects relating
to land, hereinafter referred to as Underwriting Rights, are collateral
rights imposed on land rights as referred to in Law Law No. 5 of 1960 concerning Basic
Rules of Agrarian Principles, hereinafter or not, other objects which constitute one
agreement with that land, for repayment of certain debts, which give a position
which is prioritized to certain creditors against creditors-other creditors".

Implementation of Underwriting Rights Auction Execution

Basically, as stated in Article 6 of Law No. 4 of 1996 concerning Mortgage
Rights on Land and Objects Relating to Land, if the debtor is injured in the
promise, the first Underwriting Right Holder has the right to sell the Underwriting
Right Object on his own power through a public auction and take payment of the
sale from the sale.

It should be remembered that based on Article 13 paragraph (1) and paragraph
(2) of the Underwriting Rights Law, Underwriting Rights must be registered at the
Land Office. Not later than 7 (seven) working days after the signing of the
Underwriting Deed ("APHT"), the Land Deed Making Officer ("PPAT") is obliged
to submit the Deed of Giving the related Underwriting Rights and other necessary
documents to the Land Office. As proof of the Underwriting Right, the Land Office
issues the Underwriting Certificate in accordance with the applicable laws and
regulations. This certificate of Underwriting Rights has an executive force that is
the same as a court decision that has obtained permanent legal force.

The Deed of Giving a Mortgage Right made by a Land Deed Making Officer
is the first step of granting such mortgage rights. Based on Article 10 paragraph (i)
of the Underwriting Rights Law, the granting of liability is preceded by a promise
to provide mortgages as collateral for repayment of certain debt, which is stated in
and is an inseparable part of the related debt agreement or other agreement that
gives rise to the debt. The granting of the Underwriting Right is carried out by
making the Deed of Giving the Underwriting Right by the Land Deed Maker
Officer in accordance with the applicable laws and regulations.

Basically, if the Deed of Giving the Underwriting Right has been registered at
the Land Office and has obtained a certificate of mortgage rights, then the creditor
can make a sale at auction if the debtor defaults. According to the Minister of
Finance Regulation No.27 / PMK.06 / 2016 concerning the Guidelines for
Implementation of the Auction stage the auction is divided into the following:

First, Auction Preparation. Application for Auction: "The seller who will sell
goods by auction through KPKNL, must submit a letter of auction request
accompanied by an auction requirement document to the Head of KPKNL to
request the auction schedule. Place of Implementation of Auction: The place for
conducting the auction must be within the KPKNL working area or the area of position of the Class II Auction Officer where the item is located. Determination of Time of Implementation of Auction: The time of auction is determined by: Head of KPKNL; or Official Class II Auction. The time for the auction as referred to is carried out during the KPKNL working hours and days. Land Certificate / Land Registration Certificate (SKT / SKPT): The auction for goods in the form of land or land and buildings must be completed with SKT / SKPT from the local Land Office. Requests for issuance of SKT / SKPT to the Head of the local Land Office shall be submitted by the Head of the KPKNL or Officer of Class II Auction. In the event that the goods in the form of land or land and buildings to be auctioned have not yet been registered at the local Land Office, the Head of the KPKNL or Class II Auction Officer requires the Seller to request a Certificate from the Head of Village / Head of Property which explains the ownership status of the Goods. Based on the Certificate as intended, the Head of KPKNL or Class II Auction Officer requests SKT / SKPT to the local Land Office. SKT / SKPT management fees or Certificate of Village Head / Village Head are the responsibility of the Seller.

Auction Bid Guarantee: In each auction, the auction participant must deposit or surrender a guarantee of the auction offer. In addition to depositing or surrendering the auction bid guarantee as intended, the auction participant must show the Taxpayer Identification Number. The form of guarantee of auction offer is determined by the Seller in the form of: a. Currency of Auction Bid Guarantee; or b. Bank Guarantee Auction Bid Guarantee. Guaranteed auction offer in the form of Bank Guarantee as referred to in letter b, can be used for Auction with a guaranteed value of Auction Offer of at least Rp 50,000,000,000 (fifty billion rupiahs).

Depositing the Auction Bid Security is done: through the KPKNL account or directly to the Treasurer of the KPKNL Receipt or the Class I Auction Officer for the Auction held by the KPKNL; through the auction hall’s account or directly to the auction house for the type of voluntary non-execution auction held by the auction house and carried out by the Class I auction officer or Class II auction officer; or through a special account on behalf of the position of the Class II Auction Officer or directly to the Class II Auction Officer for the auction held by the Class II Auction Officer. In each auction implementation, 1 (one) guarantee auction bid is only valid for 1 (one) item or package of goods bid.

The Bid Bid Security with a maximum amount of Rp.20,000,000.00 (twenty million rupiahs) can be deposited directly to the Treasurer of the KPKNL Receipt, Class I Auction Officer, Class II Auction Office or Class II Auction Officer no later than before the auction begins. In the auction offer with the presence of the Bidder, the Auction Bid Security above Rp. 20,000,000 (twenty million rupiahs) must be deposited through the Treasurer of the KPKNL Receipt, the auction hall account or a special account in the name of the Class II Auction Officer no later than 1 (one) working day before the auction must be effective on the account.

The amount of the auction bid guarantee is determined by the Seller at least 20% (twenty percent) of the Limit Value and a maximum of 50% (fifty percent) of the Limit Value. The Auction Bid Security Deposit that has been deposited is
returned entirely to the Bidder who is not authorized as a Buyer, unless there is a transaction fee imposed by the Banking, borne by the Bidder. Return of the Bid Bid Security no later than 1 (one) working day after the request for return from the Bidder is received. Request for return as referred to in paragraph (2) is accompanied by the original submission of proof of deposit and a photocopy of the identity of the Bidder by showing the original and other supporting documents. For an auction without the presence of participants with offers via the internet by KPKNL, a refund of the security deposit can be made by transfer according to the terms of the provisions of the internet auction. The Auction Bid Security from the Bidder that is validated as a Buyer, will be calculated with the repayment of all of its obligations in accordance with the auction terms. In the event that the Buyer does not repay the auction payment obligations in accordance with the provisions (Default), the Auction Bid Security Deposit shall be deposited entirely to the State Treasury within 1 (one) working day after the cancellation of the Buyer’s appointment by the Auction Officer on the Required Execution Auction and Non-Execution Auction.

Limit Value: Each auction is required for a Limit Value. Determination of Limit Value is the responsibility of the Seller. Limit values are made in writing and submitted by the Seller to the Auction Officer no later than the auction announcement, or before the Auction starts in the case of Limit Value not included in the auction announcement. In implementing Article 6 mortgage law, Execution Auction, Fiducia Execution Auction, and Bankrupt Asset Execution Auction, the Limit Value is set at least equal to the Liquidation Value.

Auction Announcement: The auction must be preceded by an Announcement of Auction made by the Seller. The seller must submit the Bid Announcement proof in accordance with the Auction Officer. Auction announcements are carried out through daily newspapers published and / or circulating in the city or district where the goods are located. In the case of no daily newspaper as intended, Auction Announcements are announced in daily newspapers published in the nearest city or district or in the provincial capital or national capital and circulating in the KPKNL work area or the position of Class II Auction Officials where the goods will be auctioned. The daily newspaper as intended must have circulation or circulation: at least 5,000 (five thousand) copies, if done with daily newspapers published in the city or district; at least 15,000 (fifteen thousand) copies, if done with daily newspapers published in the provincial capital; or at least 20,000 (twenty thousand) copies, if done with daily newspapers published in the national capital. In the case that in a region there is no daily newspaper that meets the criteria referred to, the Announcement of Auctions is carried out in a daily newspaper which is estimated to have the highest circulation or circulation. Announcement of the Auction as intended, must be included in the main or regular page and cannot be included on the supplement / supplementary / special page. The seller can add the Auction Announcement to other media to get the broadest auction enthusiasts.

Second, Auction Implementation. Bidding, done by: verbal, increasing or decreasing; written; or written continued with oral, in the event that the highest
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bid has not reached the Limit Value. A written auction offer, in the presence of the Bidder; or without the presence of the Bidder.

Auction bid in writing without the presence of the Bidder is carried out: via e-mail (e-mail, via postal mailing letter; or through the internet, both open bidding and closed bidding). The auction offer as stipulated in paragraph (1) can be implemented simultaneously in 1 (one) auction

Each Bidder must bid at least equal to the Limit Value in the event that a Limit Value auction is announced. The offer that has been submitted by the Bidder to the Auction Officer cannot be changed or canceled by the Bidder, except at auction with the offer of a written method without the presence of the auction bidder through closed bidding conducted before the presentation of the Head of the Minutes of Auction.

Auction Fees: Each auction is subject to Auction Fees in accordance with Government Regulations governing the types and rates of Non-Tax State Revenues applicable to the Ministry of Finance. Buyer: The Auction Officer certifies the highest bidder that has reached or exceeds the Limit Value as a Buyer, in the implementation of an auction using Limit Value. Payment and Deposit: Payment of Auction Prices and Auction Fees must be paid in cash (cash) or check or demand deposit no later than 5 (five) working days after the auction.

Submission of Goods Ownership Documents: In the event the Seller submits the original ownership documents to the Auction Officer as referred to in Article 21 paragraph (3), the Auction Officer must submit the original ownership documents and / or goods auctioned to the Buyer, no later than 1 (one) working day after The buyer shows a receipt or proof of repayment of payment, and submits a deposit of Land and Building Rights (BPHTB) fee proof if the item being auctioned is in the form of land and or building. In the event that the Seller does not submit the original ownership documents as referred to in Article 21 paragraph (4) to the Auction Officer, the Seller must submit the original ownership documents and / or items auctioned to the Buyer, no later than 1 (one) working day after the Buyer shows a receipt or sign proof of repayment of payment, and submit proof of BPHTB deposit if the item auctioned is in the form of land and or building.

Third, Minutes of Auction. The Auction Officer who carries out the auction must make the Minutes of Auction. Minutes of Auction consists of: Head Section; Body Parts; and Leg Parts. Minutes of Auction made in Indonesian. Each Bid Minutes is numbered in sequence.

Theory of Legal effectiveness

Legal effectiveness is a purposeful process so that the law is effective. When we want to know the extent of the effectiveness of the law, we must first be able to measure, "the extent to which the rule of law is obeyed or not obeyed" (Ali, 2009). According to Lawrence M. Friedman in his book entitled "Law and Society", cited by Soerjono Soekanto and Abdullah Mustafa, whether or not an effective legislation is strongly influenced by three factors or commonly referred to as the legal system, namely: First, Legal Substance. The substance of the law is at the core
of the legislation itself. In the auction the regulations are Minister of Finance Regulation No.27 / PMK.06 / 2016 concerning Auction Implementation Guidelines. Second, Legal Structure. The legal structure is law enforcement. Law enforcers are those who directly engage in law enforcement. In the auction the legal structure refers to the relevant officials in the State Wealth and Auction Service Office (KPKNL) and related Officials at Bank Mandiri. Third, Legal Culture. Legal culture is how the attitude of the legal community in the place of law is carried out. If the public’s awareness to comply with the predetermined rules can be applied, the community will become a supporting factor, but if the community does not want to comply with existing regulations, the community will be the main inhibiting factor in enforcing the regulations in question (soekanto and Mustafa, 2014). In a legal culture auction is the attitude of the community or can be more specific, namely the prospective auction buyer and the debtor itself. A legal system in its actual operation is a complex organism where structure, substance and legal culture interact. To explain the background and effects of each part, the role of many elements of the system is needed (Friedman, 2018).

Auction Effectiveness in Mandiri Bank and inhibiting factors of auction effectiveness

Based on existing data, out of 158 number of debtors with problems throughout 2017, only 6 debtors have successfully auctioned, this illustrates the success rate of the auction as an effort to settle problem loans at PT. Bank Mandiri (Persero) Tbk, Purwokerto Area is very low. In carrying out the auction, of course, the banks spend not a small amount on various matters, such as payment of SKPT registration fees, advertising of collateral to be auctioned, the cost of announcing auctions in newspapers and so on.

Judging from the effectiveness theory proposed by Lawrence M. Fredman, then the auction can be considered less effective. According to this theory there are 3 factors that influence it, namely:

Legal Substance: in the implementation of an auction called legal substance is the regulation related to the auction itself, namely the Minister of Finance Regulation No.27 / PMK.06 / 2016 concerning Auction Implementation Guidelines. In this regulation there are 3 stages in conducting the auction, namely: i) Preparation Phase, ii) Implementation Phase and iii) Post Auction Phase. In each stage there are potential obstacles.

In the stage of auction preparation according to the author's observation in the field, which often occurs, there are errors in credit documents, both the credit agreement document and the binding, the document and the collateral itself. In article 38 of the Minister of Finance Regulation No.27 / PMK.06 / 2016 concerning Auction Implementation Guidelines regulated about the minimum deposit guarantee amounting to 20% and a maximum of 50% of the auction limit, in the opinion of the author it is prone to games from auction mafia who are looking for money backwards, the seller should be allowed to set a guarantee deposit of 100% of the auction limit value, so that the auction mafia think again to look for money back in the auction.
The purpose of the withdrawal was that the auction mafia pretended to take part in the auction, but at the time of its implementation the mafia negotiated with serious enthusiasts to withdraw but with certain rewards, if the guarantee deposit was set by a large seller, the writer was sure the mafia would not dare cheat.

In Article 50 of the Minister of Finance Regulation No.27 / PMK.06 / 2016 concerning Auction Implementation Guidelines, the validity period of assessment reports or assessment reports for Article 6 UUHT Execution Auction, Fiduciary Execution Auction and Bankrupt Property Execution Auction used as the basis for determining the Limit Value applies for a period of no later than 12 (twelve) months from the date of the assessment or assessment until the date of the auction, this is in the opinion of the author very ineffective because the auction process itself takes a long time starting from the application until the implementation of the auction.

In the implementation phase, the obstacle that often occurs is the existence of an auction mafia, which usually only seeks profits from cash back as explained in the guarantee deposit discussion. In the post-auction stage that often occurs and the factor that makes prospective auction buyers discourage it is the condition of the collateral is still inhabited and to conduct vacancies must file legal remedies through the District Court, namely the execution of vacancies.

**Legal structure:** In this auction the definition of legal structure is related officials at KPKNL and at PT. Bank Mandiri (Persero) Tbk. The relevant officials in question, namely: i) at the KPKNL Office, the relevant officials are the head of office and auction officials, ii) at PT. Bank Mandiri (Persero) Tbk is a Board of Directors authorized to officials related to the branch office closest to the auction office. In this legal structure the obstacles that arise are usually from the bank or the seller where in the process prior to the auction or at the time of granting less attention to the collateral side, usually the assets received as collateral for credit are less strategic so they are difficult to sell / sell.

**Legal Culture:** In this auction the definition of legal culture is the attitude of the community or the habit of the community in receiving information about auctions. Usually people are reluctant if they are offered an asset through an auction, many perceptions are developing in the community that buying collateral through auction is complicated and potentially problematic in the future, so that many collateral loans sold through auction are less attractive.

**Conclusion**

Based on the description above, it can be concluded that the auction for the execution of mortgage rights used by PT. Bank Mandiri (Persero) Tbk, as an effort to settle credit is very ineffective, this can be seen from the collateral that sold successfully at the auction was very small, namely only 6 collateral from 158 collateral totals during the year 2017. Judging from Lawrence M.’s legal effectiveness theory Friedman to measure the effectiveness of a rule of law has 3 elements, namely substance, structure and legal culture. Where in each element there is the potential for obstacles to be encountered in the implementation of the
auction. Based on the observations of the authors in the field, the biggest obstacle is during the emptying process which does not automatically become part of the auction process.

**Suggestions**

In improving the effectiveness of the auction, many things must be addressed as described in this article above. The most important thing that must be corrected according to the author is that emptying collateral is made in an auction package for execution of mortgage rights, not in the form of an application for the execution of separate vacancies in the District Court.

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